Putting Monitoring in Motion

In our last bulletin we addressed protecting your internal control investment through monitoring, the process of evaluating the quality of how internal controls are performing over time and promptly documenting and implementing corrective action to address internal control deficiencies.

This month we focus on management monitoring activities. This includes a wide range of activities routinely performed by management and even subject matter experts within their departments -- activities built into operations that can provide timely feedback to identify problems, optimize controls by adapting to changes and risks, and produce accurate and reliable information.

The following list provides some ongoing monitoring practices to implement or customize within your area or agency to put monitoring in motion.

**Establish a baseline** – Use management-prescribed requirements, statistics, quotas, and procedures to benchmark the present condition and state of controls. Review compliance and reporting requirements. If helpful, compare your results to similar units, departments, or agencies.

**Complete routine verifications** – Perform regular reviews on any approvals or authorizations and reconcile to source documentation to ensure accuracy of output.

**Consult with IT** – Learn from IT staff about security updates and other IT risks. Explore technology and software options to create or customize controls to safeguard information, flag errors or outliers early in a transaction, or assist in data collection and reporting mechanisms.

**Self-assess periodically** – Implement regular procedures and use tools to lay out the processes, document and test control effectiveness, and track progress. Use metrics to identify and analyze anomalies or issues. Pay attention to key performance indicators relating to goals and objectives. Ask meaningful questions to understand functions and control design.

**Respond to recommendations** – Audit findings often outline control or process deficiencies. Review audit recommendations tied to findings to help create corrective action. Document the actions and communicate regularly with agency leadership on the status of internal control improvements.

**Establish follow-up procedures** – Stick to timelines and assign responsible parties to follow through on corrective action until complete. Set the proper tone and build a culture that places importance on internal controls. Update policy and procedures to reflect modified processes and controls.

Consider these activities and explore other monitoring techniques to ensure you continue to meet your objectives and controls continue to operate as intended.

Questions?

Contact Kris Schutta, Internal Control Specialist